SOUTH WHITEHALL TOWNSHIP

Review of Audit Results
December 31, 2024

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Overview

- Introduction
- Review of Auditor’s Report
- Financial Highlights and Trends
- Auditor Communications

This presentation is intended solely for the information and use of management and the Board of Commissioners of South Whitehall Township and is not intended to be and should not be used by anyone other than these specified parties. For more detailed information please see the financial and compliance report for the Township.

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Introduction

- Our audit is conducted under the following standards:
  - Generally Accepted Auditing Standards
  - Government Auditing Standards (Yellow Book)
  - Uniform Grant Guidance (Single Audit)
- Our responsibility is to:
  - Obtain reasonable assurance about whether the <u>financial statements</u> are free from material misstatements, whether due to fraud or error, and then render an opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
  - Opine on the Township's compliance with internal controls over compliance and compliance with direct and material compliance requirements related to the <u>major federal programs</u> selected for testing.

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The Reporting Entity

- Blended Component Unit
  - South Whitehall Township Authority- included within the water and sewer funds of the Township statements

- Work of Specialists
  - Actuarial analysis for pension liability - Conrad Siegel
  - Actuarial analysis for other postemployment benefits liability - Conrad Siegel

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Auditor Opinion

- Generally Accepted Auditing Standards - Unmodified Opinion
- Uniform Grant Guidance- Unmodified Opinion

An unmodified opinion is a clean audit opinion from an independent auditor.

This is not an opinion on internal controls of the Township as that was not the objective of our audit.

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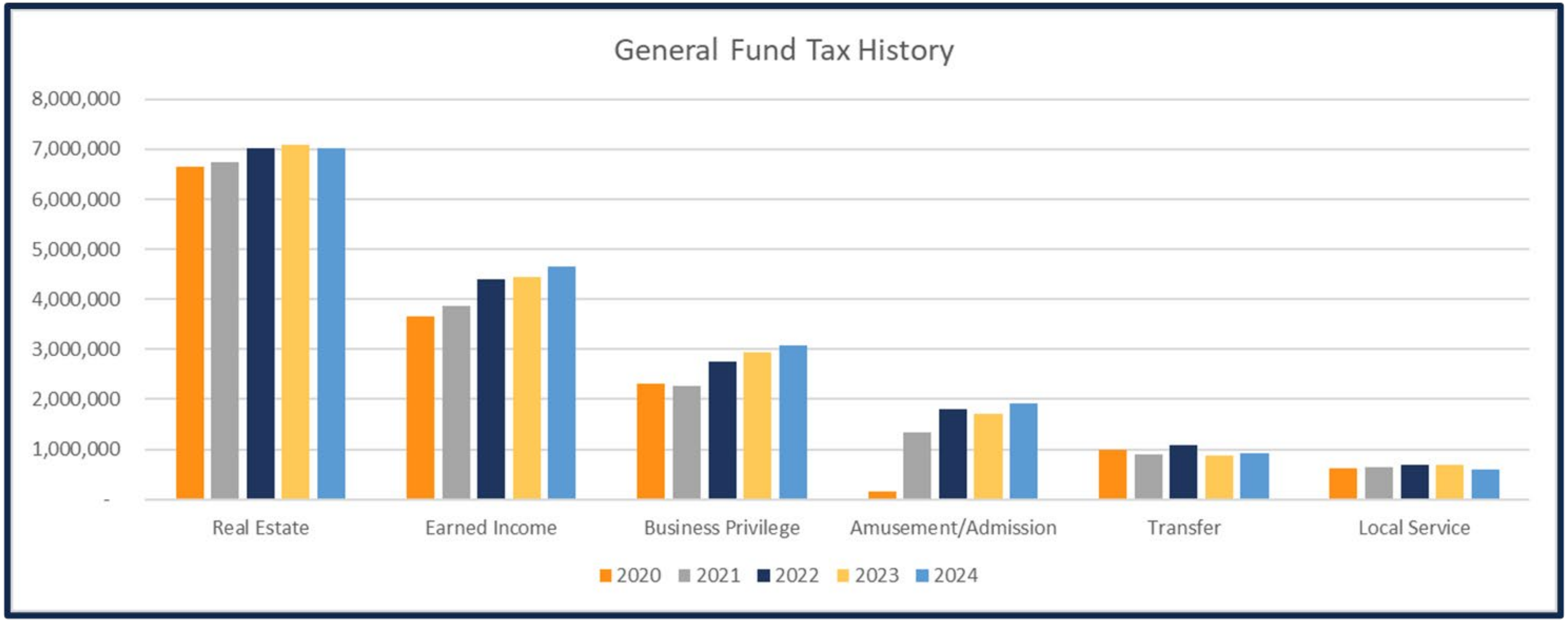
General Fund Budget to Actual

	Budget	Actual	Variance
REVENUES			
Taxes	$ 17,229,150	$ 18,190,250	$ 961,100
Licenses, permits, and fines	460,230	435,663	(24,567)
Interest and rent	-	582,873	582,873
Intergovernmental	1,074,748	1,622,388	547,640
Charges for services	1,776,209	2,179,370	403,161
Other	23,000	208,077	185,077
TOTAL REVENUES	**20,563,337**	**23,218,621**	**2,655,284**
EXPENDITURES			
General government	5,361,551	4,659,582	701,969
Public safety	8,440,495	8,192,872	247,623
Public works	4,236,472	3,832,855	403,617
Culture and recreation	357,598	303,730	53,868
Community development	1,391,262	1,097,173	294,089
Debt service and other	-	99,292	(99,292)
TOTAL EXPENDITURES	**19,787,378**	**18,185,504**	**1,601,874**
OTHER FINANCING SOURCES (USES)			
Proceeds - issuance of lease	-	34,982	34,982
Transfers in (out)	(1,747,688)	(2,489,744)	(742,056)
TOTAL OTHER FINANCING SOURCES (USES)	**(1,747,688)**	**(2,454,762)**	**(707,074)**
NET CHANGE IN FUND BALANCE	**$ (971,729)**	**$ 2,578,355**	**$ 3,550,084**

- Revenue exceeded budget by 12.9%
  - Taxes - EIT exceeded budget by $579k; Transfer tax exceeded budget by $231k; Amusement tax exceeded budget by $222k
  - Interest and rent - higher rates of return and movement of funds to higher earning accounts
  - Intergovernmental - state pension aid was $131k higher than budget; fire aid of $187k not budgeted
  - Charges for services - higher than anticipated subdivision reimbursements
  - Other - health insurance carrier reimbursement of $106k not budgeted
- Expenditures under budget by 8.1%
  - General government - savings in workers compensation and insurance; fewer legal expenditures
  - Public Safety - fire relief exp not budgeted, offset by savings in other areas
  - Public works - Savings in wages and conservative budgeting for projects/materials
  - Community development - fewer wages than anticipated

General Fund Tax Revenue



- This chart represents the different tax revenue streams of the Township over the past 5 years.

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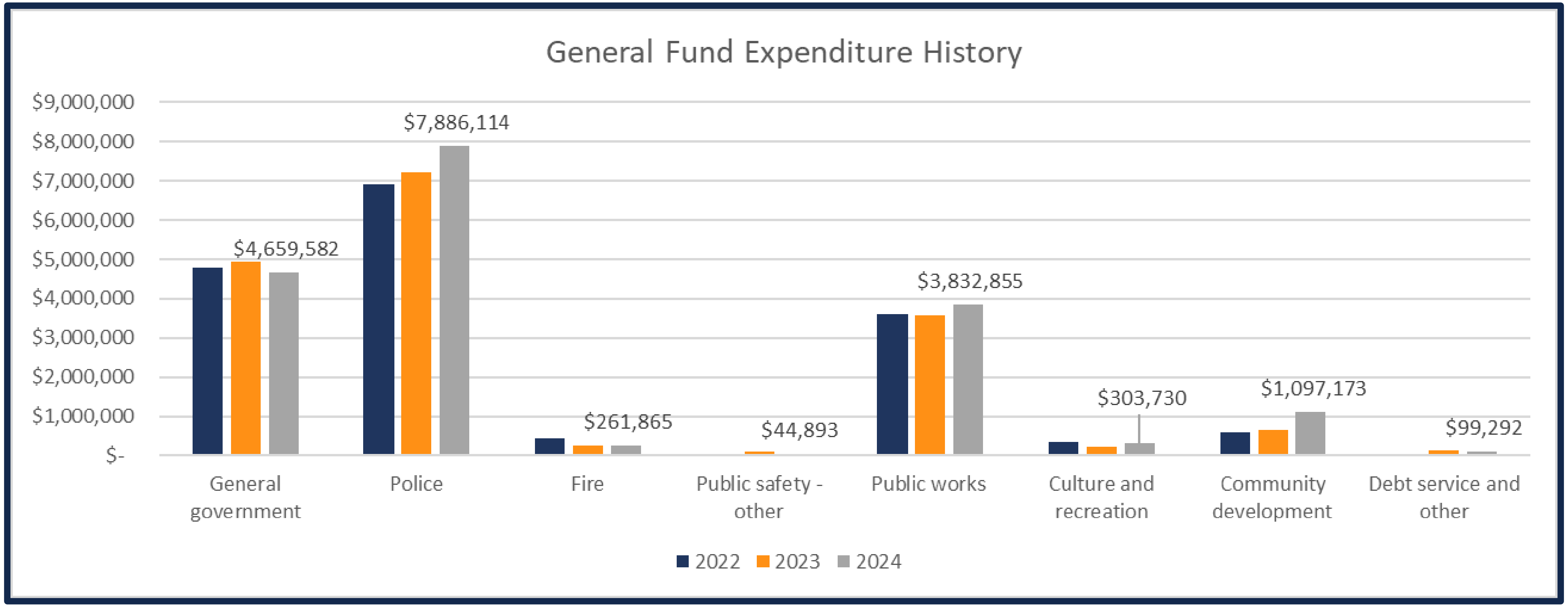
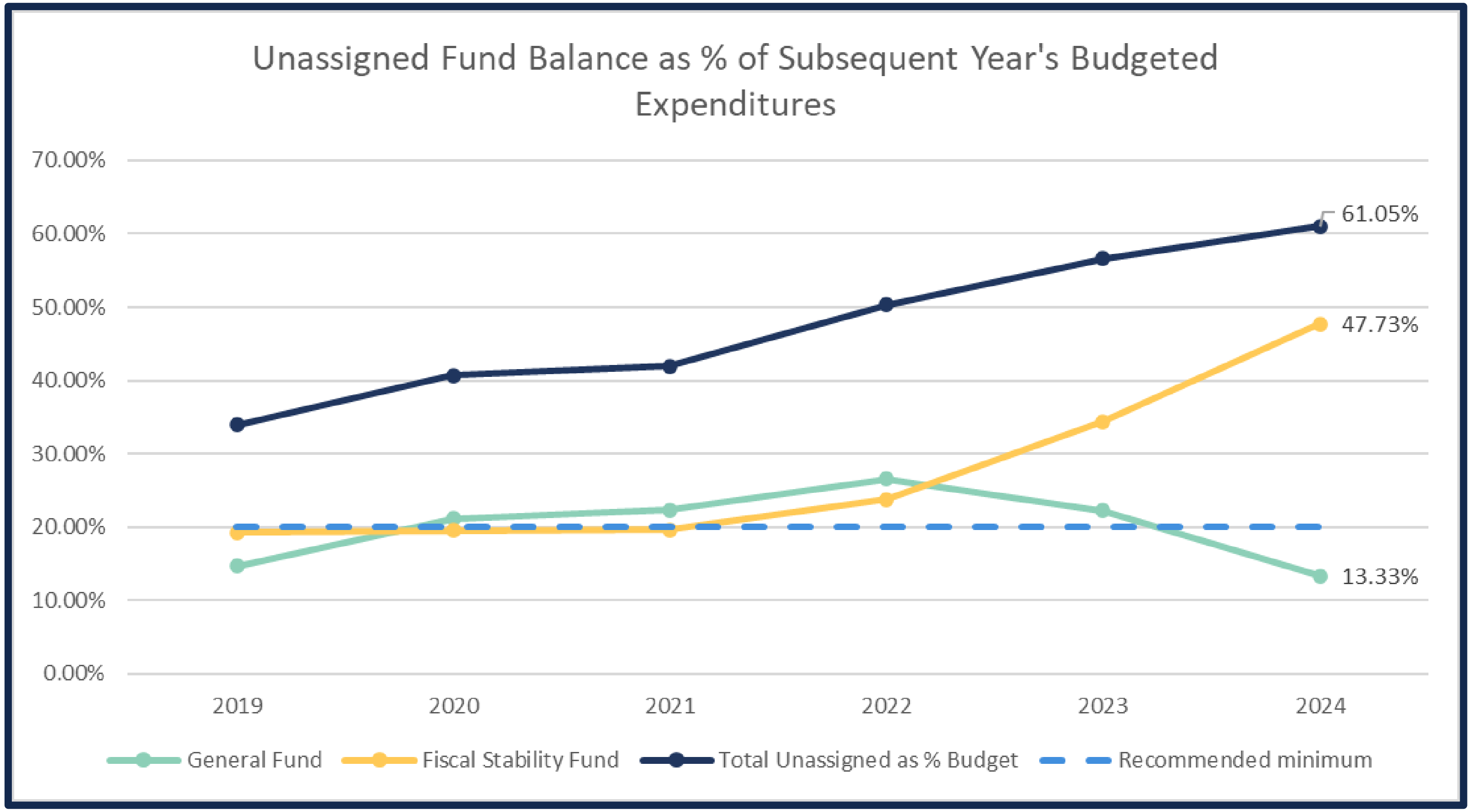
General Fund Expenditures



- This chart reflects the trends in general fund expenditures over the past 3 years.

General Fund - Fund Balance



- Unassigned fund balance in the Township's general fund (including the fiscal stability fund) has fluctuated from 41% to 61% of subsequent year's budgeted expenditures. Recommended minimum unassigned fund balance is 20% of subsequent year's budget.
- The Township's fund balance policy is to maintain unassigned fund balance in the general fund between 20-30% of yearly revenue. At December 31, 2024, unassigned fund balance (including fiscal stability) is 56% of current year revenue.

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Special Revenue Funds

	Fire Tax	State Highway Aid	Open Space
ASSETS			
Cash	$ 2,454,767	$ 728,218	$ 442,741
Taxes and accounts receivable	72,632	-	3,765
Prepaid expenses	12,671	-	-
TOTAL ASSETS	**2,540,070**	**728,218**	**446,506**
LIABILITIES			
Interfund payable	3,415	-	-
Accounts payable	100,196	67,008	-
Unearned revenue	500	-	-
TOTAL LIABILITIES	**104,111**	**67,008**	**-**
DEFERRED INFLOWS OF RESOURCES	**24,835**	**-**	**-**
FUND BALANCE			
Nonspendable	12,671	-	-
Restricted	2,398,453	661,210	446,506
TOTAL FUND BALANCE	**$ 2,411,124**	**$ 661,210**	**$ 446,506**

	Fire Tax	State Highway Aid	Open Space
REVENUES			
Taxes	$ 1,157,629	$ -	$ -
Intergovernmental	-	727,478	-
Charges for services/contributions	29,844	-	87,664
Interest and rent	57,749	7,571	3,765
TOTAL REVENUES	**1,245,222**	**735,049**	**91,429**
EXPENDITURES			
Public safety	754,662	-	-
Public works	-	522,037	-
Culture and recreation	-	-	20,855
Debt service (leases)	1,720	-	-
TOTAL EXPENDITURES	**756,382**	**522,037**	**20,855**
OTHER FINANCING SOURCES			
Proceeds from issuance of lease	10,964	-	-
Transfers in (out)	200,000	-	-
TOTAL OTHER FINANCING SOURCES	**210,964**	**-**	**-**
NET CHANGE IN FUND BALANCE	**$ 699,804**	**$ 213,012**	**$ 70,574**

- Fund balance is restricted for the purposes noted.

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Capital Projects Fund

	2024		2023	
ASSETS				
Cash	$	1,872,367	$	1,629,238
Interfund receivables		189,718		421,760
Accounts receivable		145,258		18,444
TOTAL ASSETS		**2,207,343**		**2,069,442**
LIABILITIES				
Interfund payables		289,625		289,625
Accounts payable		73,152		27,936
Unearned revenue		762		-
TOTAL LIABILITIES		**363,539**		**317,561**
FUND BALANCE				
Restricted		60,607		292,649
Assigned		1,783,197		1,459,232
	$	**1,843,804**	**$**	**1,751,881**

	2024		2023	
REVENUES				
Interest and rent	$	15,328	$	7,559
Intergovernmental		1,748,625		53,257
Charges for services		465,804		233,240
TOTAL REVENUES		**2,229,757**		**294,056**
EXPENDITURES				
General government		40,540		-
Public safety		940,496		124,664
Public works		1,404,686		997,046
Culture and recreation		1,214,950		170,129
TOTAL EXPENDITURES		**3,600,672**		**1,291,839**
OTHER FINANCING SOURCES (USES)				
Sale of capital assets		47,176		172,245
Transfers in (out)		1,415,662		1,923,014
TOTAL OTHER FINANCING SOURCES (USES)		**1,462,838**		**2,095,259**
NET CHANGE IN FUND BALANCE	**$**	**91,923**	**$**	**1,097,476**

- This fund tracks capital expenditures of the Township, excluding those purchased through the water, sewer, and refuse funds.
- Restricted fund balance represents unspent debt proceeds restricted for capital projects. The remaining fund balance at 12/31/24 is assigned for future capital expenditures.

Proprietary Funds

	Water	Sewer	Refuse
OPERATING REVENUES	$ 4,863,925	$ 3,503,213	$ 5,096,019
OPERATING EXPENSES	3,698,459	3,257,656	4,658,206
NONOPERATING REVENUE (EXPENSES)	389,089	309,703	9,206
CHANGE IN NET POSITION	**$ 1,554,555**	**$ 555,260**	**$ 447,019**
NET POSITION			
Net investment in capital assets	$ 8,137,624	$ 7,822,311	$ 750
Unrestricted	8,130,848	5,852,454	1,112,985
TOTAL NET POSITION	**$ 16,268,472**	**$ 13,674,765**	**$ 1,113,735**

- Proprietary funds have charges for services meant to cover the cost of providing those services. The Township has 3 such funds. The water and sewer fund represent Authority activity as well as the allocation of the debt and pension liability in the Township's name.

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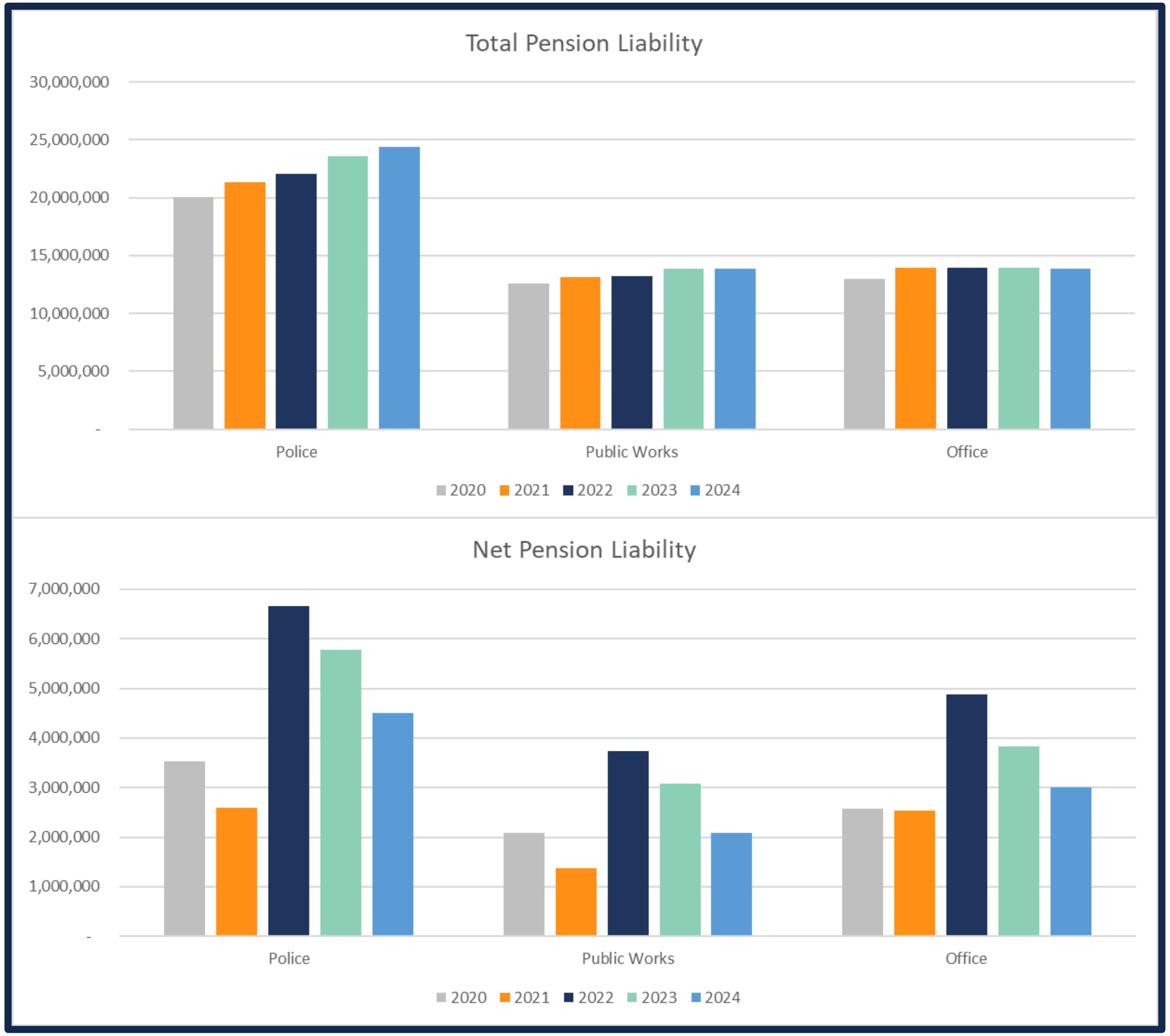
Pension Fund - Summary

- Under GASB Statement No. 84, *Fiduciary Activities*, only the Township's defined benefit plans are included in the financial statements

  - Defined Benefit (part of reporting entity)
    - Police Pension Plan
    - Public Works Employees' Pension Plan
    - Office Personnel Pension Plan

  - Defined Contribution (not part of reporting entity)
    - Thrift Savings Plan
    - Non-Uniformed Employees' Defined Contribution Pension Plan

Pension Fund Trends



- The pension trends show the total pension liability for each defined benefit plan as well as the net pension liability.
- The pension liability was calculated under GASB 68 by an actuary.

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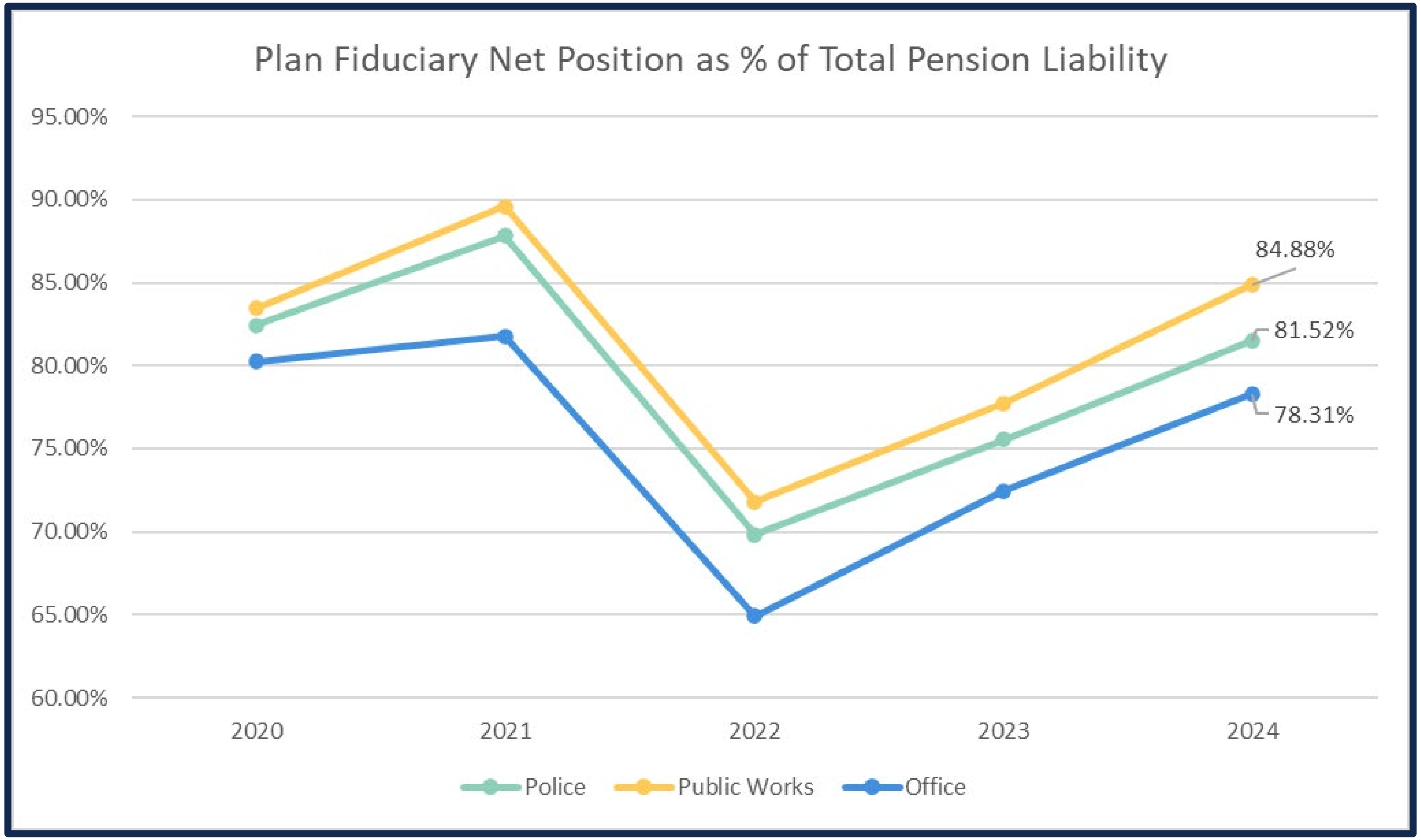
Pension Fund Trends



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Key Footnotes

- Note 1 - Summary of Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 7 - Capital Assets
- Note 8 - Long-Term Liabilities
- Note 9 - Pension Plans
- Note 10 - Other Postemployment Benefits
- Note 13 - Fund Balance

Uniform Guidance

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	____ yes	X no

Identification of major program(s):

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction (Federal-Aid Highway Program)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ yes	X no

- The Township received unmodified opinions, as noted previously, on the financial statements and the major federal program tested
- The program tested was the TASA grant
- There were no deficiencies in controls noted within our testing as indicated in the table

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Auditor Communications

Communication Letter

- No difficulties were incurred in performing the audit
- Proposed journal entries are attached to letter
- Most sensitive estimates
  - Depreciation lives for capital assets
  - Pension Liability (performed by third party)
  - OPEB Liabilities (performed by third parties)
  - Discount rate for leases and SBITAs
- Adoption of GASB Statement No. 101 related to Compensated Absences
- No other reportable matters

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